

# IDAHO'S **Transportation Funding** CONFERENCE



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**Building Roads. Building Bridges. Building Consensus.**

# Our challenge

**Without a significant revenue increase in the next three years, Idaho will not have enough funds to:**

- Improve highway safety
- Match federal highway funds
- Adequately patch potholes and plow snow



Dover Bridge, U.S. 2





# Safety is the highest priority

## Safety addressed through:

- **Operations** — Snowplowing, pothole patching, striping, etc.
- **Preservation** — Seal coats, pavement overlays, etc.
- **Restoration** — Rebuilding existing state highways and bridges
- **Expansion** — Building new state highways and bridges



Idaho 55



# Challenges



Pend Oreille River  
Bridge south of  
Priest River

- 252 people were killed on Idaho highways in 2007
- One of every five miles of state highway pavement is deficient
- Half of Idaho's state bridges will soon be 50 years or older. (Bridges have a 50-year design life.)
- Almost 40% of Idaho's local bridges will soon be 50 years or older
- Federal revenue is dwindling
- Construction costs are rising

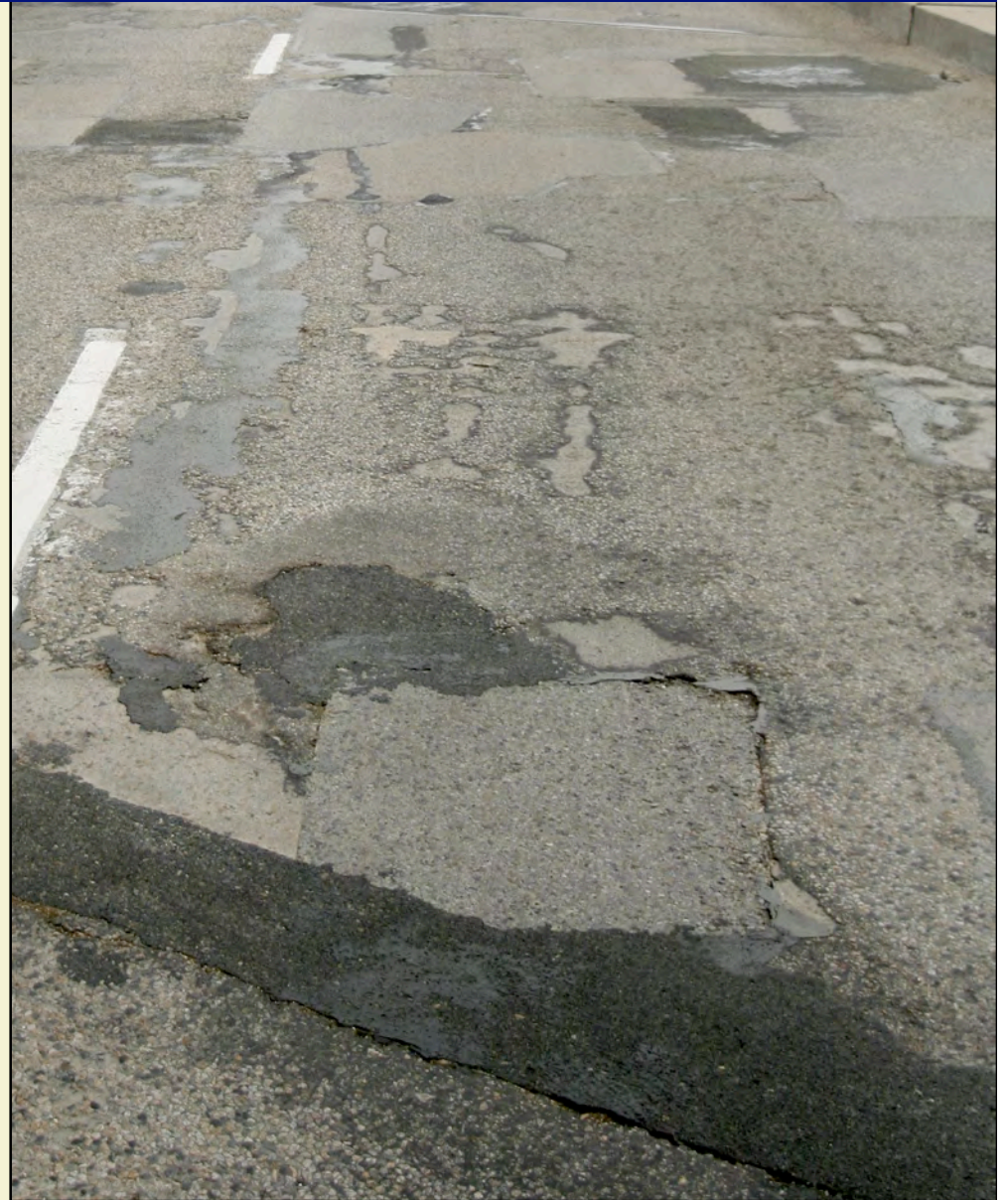




# Challenges

## Pavement Condition

	<u>Lane Miles</u>
• Deficient interstate pavement	430
• Deficient non-interstate pavement	<u>1,838</u>
<b>Total:</b>	2,268



# Challenges

## State Bridges

- 89 bridges are structurally deficient.
- Only 32 of those bridges are programmed for rehabilitation or replacement

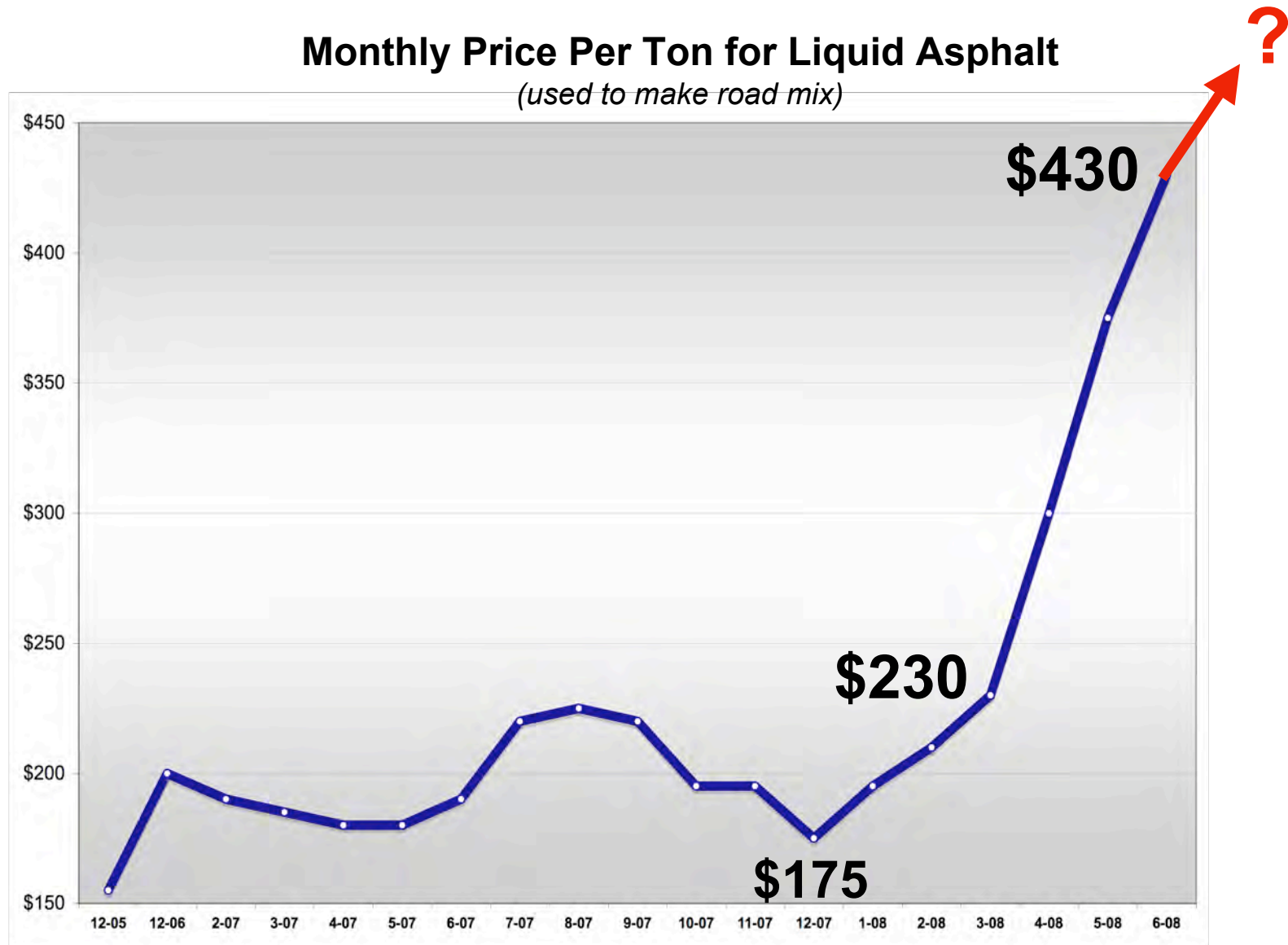
## Local Bridges

- 254 bridges are structurally deficient.
- Only 30 of those bridges are programmed for rehabilitation or replacement





# Asphalt prices are skyrocketing



# State and Local Funding sources



Johnson Creek Bridge, U.S. 2

State User Fees	41%
Federal Funds	57%
Local/Other Funds	2%





# Our user-pay system

## State User Fees

- gas tax 25¢  
*(not raised since 1996)*
- diesel tax\* 25¢  
*(not raised since 1996)*
- vehicle registration \$24 to \$48  
*(not raised since 1997)*

## Federal Funds

- gas tax 18.4¢  
*(not raised since 1993)*
- diesel tax 24.4¢  
*(not raised since 1993)*

\*Diesel fuels used off highway are tax exempt



# Our transportation needs are growing

(Dollars in millions and rounded)

**Idaho's state and local transportation agencies need an additional \$240 million each year to meet increasing transportation needs.**

**The \$240 million could be phased in over a few years and distributed as follows:**

- |   |                |
|---|----------------|
| • ISP                                     | <b>\$12</b>    |
| • Counties, cities, and highway districts | <b>\$91.2</b>  |
| • ITD                                     | <b>\$136.8</b> |

**The funds would be used in all areas of the state.**

Amounts shown above reflect (1) the current distribution formula in Section 40-701, Idaho Code, and (2) no funds taken off the top from fuel tax prior to distribution to ISP, local agencies, and ITD.



McDougal Creek Bridge on Moyie River Road





# Distribution of additional ITD revenue

(Dollars in millions and rounded)

Of the \$240 million, ITD would receive \$136.8 million, which would be distributed as follows\*:

- **Operations** **\$10**  
(striping, pothole patching, snow plowing, etc.)
- **Preservation** **\$40**  
(seal coating and pavement overlays)
- **Restoration** **\$45**  
(completely rebuilding old roads and bridges, but not adding lanes or widening the roads)
- **Expansion** **\$42**  
(adding lanes, improving safety)

*\*Based on current need and cost estimates*



# Distribution of state revenue



Idaho roads and bridges receive \$3\* in highway funding for every \$50 tank of fuel

\$3 =

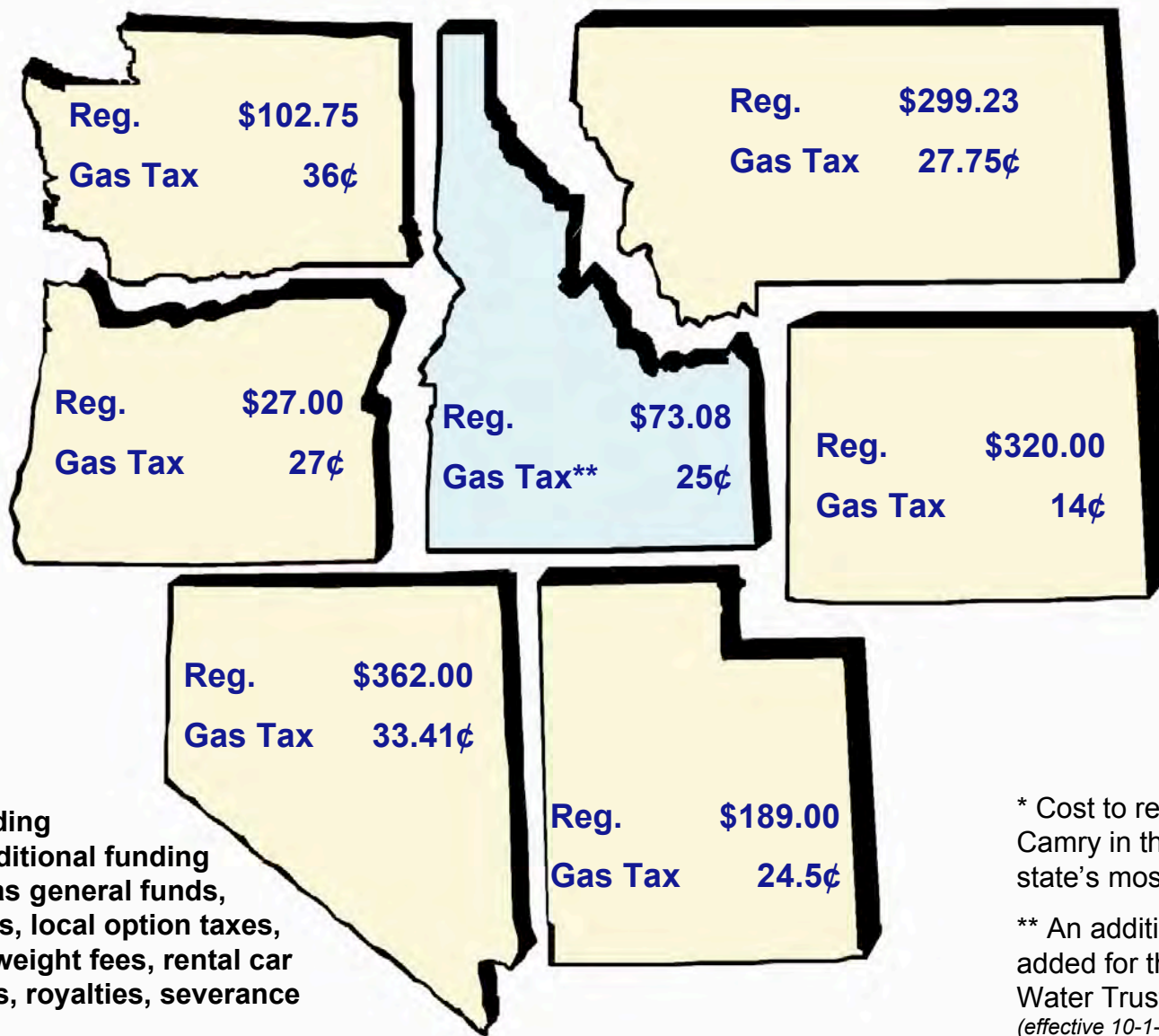


\*Approximately 4% of the fuel tax is distributed to non-highway uses before distribution to ITD, local roads and streets, and ISP.





# Surrounding states registration\* and gas tax rates



## NOTE:

Some surrounding states have additional funding sources such as general funds, extraction taxes, local option taxes, gross-vehicle-weight fees, rental car taxes, toll taxes, royalties, severance taxes, etc.

\* Cost to register a 2007 Toyota Camry in the county seat of each state's most populous county.

\*\* An additional 1¢ per gallon is added for the Petroleum Clean Water Trust Fund  
(effective 10-1-07)



# The danger of relying on federal funds

- Without a revenue increase, Idaho will soon run out of money to match federal highway funds.
- Idaho currently receives 64% more than it pays into the Federal Highway Trust Fund.
- Idaho's federal money will likely be reduced as donor states such as Arizona, Texas, and California compete for additional revenue.

These states pay more money into the federal trust fund than they receive back.



Orchard Overpass, I-84





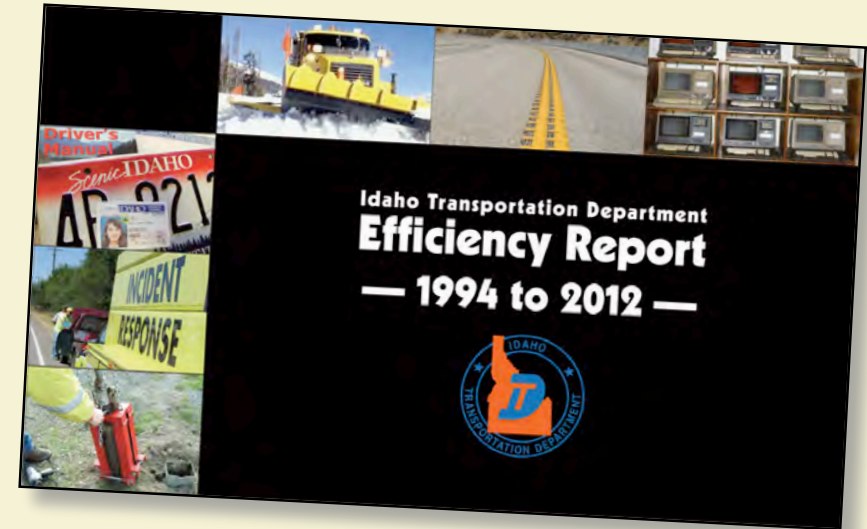
# ITD efficiency measures and audit history

## Efficiency Measures

- ITD saved over \$50 million through the use of innovative, cost-cutting efficiency measures.
- These were one-time savings in the FY08 budget, and do not reduce the ongoing \$240 million annual shortfall.

## Audit History

- ITD has a rigorous audit schedule, and has been audited\* 21 times since 2003.
- The recent audit requested by the Idaho Legislature is expected to be completed in December.



**itd.idaho.gov**

Audits were conducted by the following agencies:

- **Federal Highway Administration** (12 audits)
- **Federal Motor Carrier Safety Administration** (1 audit)
- **Federal Transit Administration** (1 audit)
- **National Highway Traffic Safety Administration** (1 audit)
- **Idaho Legislative Services Office** (3 audits)
- **Idaho Office of Performance Evaluations** (3 audits)



# **GARVEE bonds do not address the backlog**

U.S. 30, McCammon to Lava Hot Springs



**GARVEE funds can only be used on six major highway corridors authorized by the Idaho Legislature.**

- **U.S. 95, Garwood to Sagle**
- **U.S. 95, Worley to Setters**
- **I-84 to South Emmett**
- **I-84, Caldwell to Meridian**
- **I-84, Orchard to Isaacs Canyon**
- **U.S. 30, McCammon to Lava Hot Springs**





# Local Highway Systems



# Characteristics



- The local highway system includes over 33,000 miles of improved roads as of 2007
- Counties maintain approximately 15,000 miles
- Highway districts maintain approximately 12,000 miles
- Cities maintain approximately 6,000 miles





## To put that in perspective

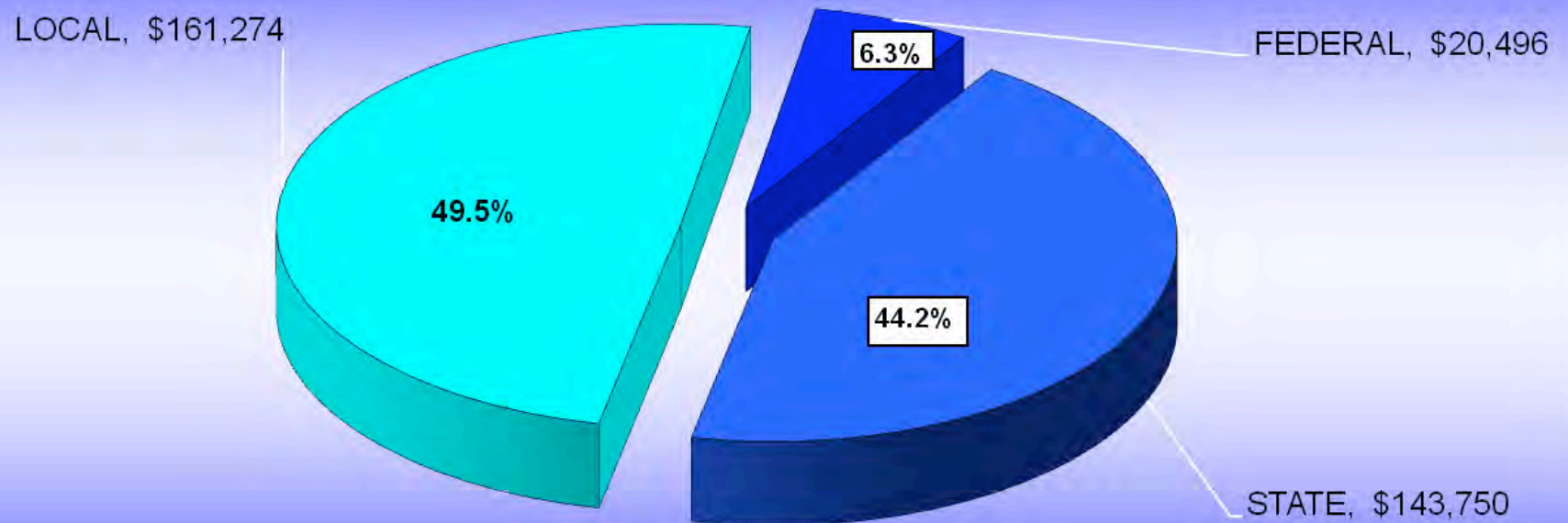


- There are approximately 43,000 miles of interstate in the United States.
- If Idaho's local system were laid out in a straight line, the highway would circle the earth more than 1.5 times.
- Since 2000, locals have added more than 1,100 miles to their system



# 2007 Road and Street Finance Report

## ANNUAL ROAD & STREET FINANCE REPORTS - 2007

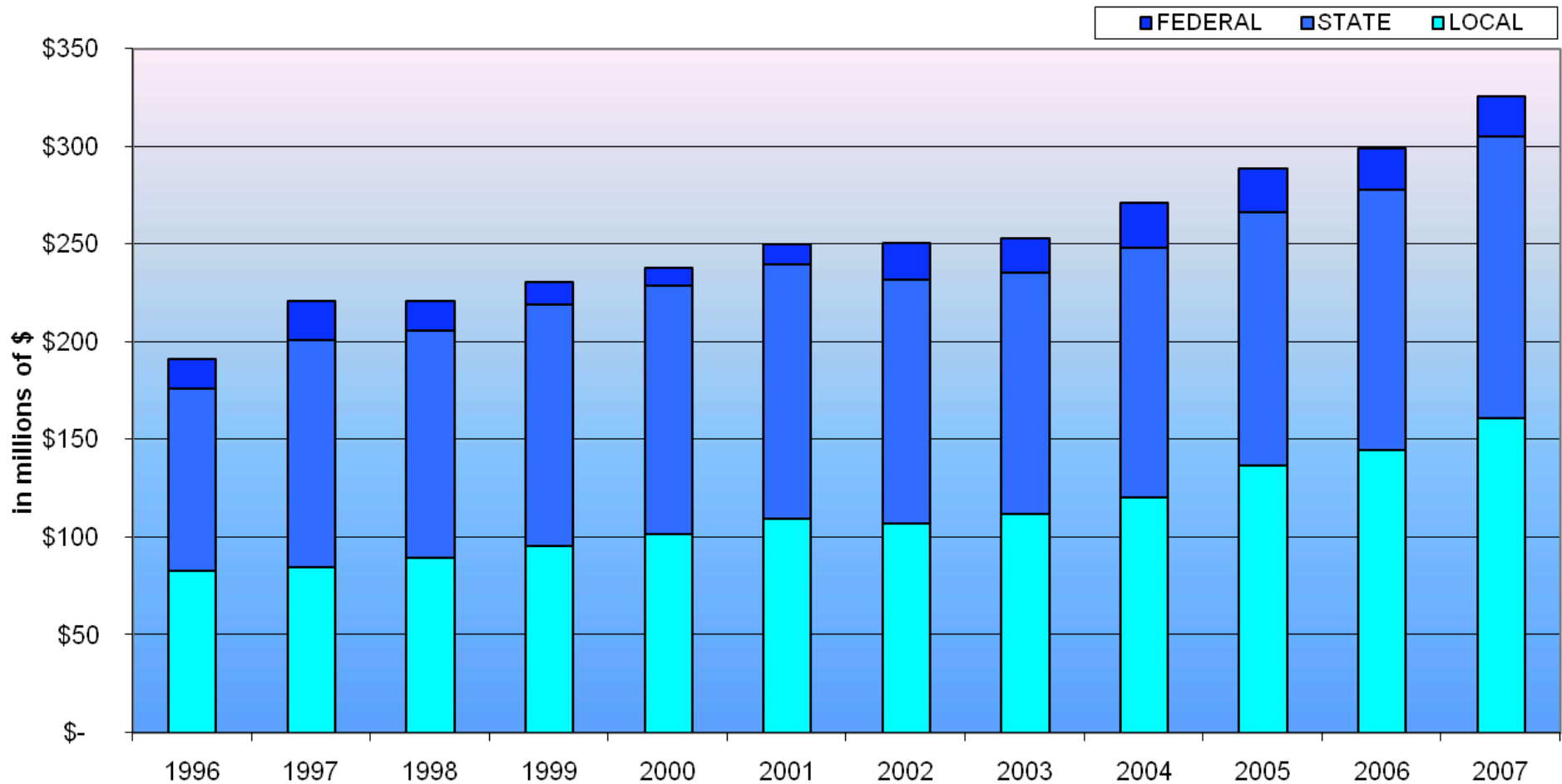


Experts recommend a 70/30 percent split between Fuel tax and local road tax to fund road improvements:





# Annual Road and Street Finance Reports



# Financial impact of the loss of Craig Wyden funds



- \$14.5 million dollars per year used for local transportation activities would be lost
- Some counties and highway districts stand to lose more than 50% of their annual maintenance and operation budget





# What locals are doing to try to solve the problem



- Working to change impact fee legislation to make it easier to impose impact fees for transportation
- Almost all local projects are jointly planned between cities, counties, and highway districts
- Initiated the first comprehensive study of local highway needs. Study to be completed mid November



# Current funding sources

## Funding Options

## Result

- |   |   |
|---|---|
| • <b>Vehicle registrations</b>                                | Each \$10 increase generates \$12 million |
| • <b>Fuel tax</b>   | Each penny increase generates \$9 million |
| • <b>ITD fees</b><br>(Driver licensing, vehicle titles, etc.) | Each 10% increase generates \$1.7 million |
| • <b>Motor carrier permit fees</b>                            | Each 10% increase generates \$0.3 million |

*Results are estimated*





# Potential funding sources



## Examples:

- Assessing impact fees on new development
- Allowing local governments to assess local option taxes
- Taxing commercial vehicles based on total weight and distance traveled
- Assessing a fee based on vehicle emission amounts
- Re-directing the sales tax on new vehicle purchases
- Increasing fines for violating traffic-safety laws
- Implementing a tax on studded-tire sales
- Implementing a tax on all tire sales
- Increasing fees for special or personalized license plates
- Implementing a rental car tax



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